



COMMONWEALTH of VIRGINIA

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August 3, 2006

Ms. Pamela F. Faggert
Vice-President and Chief Environmental Officer
Dominion Virginia Power Co./Dominion Nuclear North Anna, LLC.
5000 Dominion Boulevard
Glen Allen, Virginia 23060

RE: Federal Consistency Certification for North Anna Early Site Permit
DEQ-05-079F: Status of Review

Dear Ms. Faggert:

The Department of Environmental Quality ("DEQ") is responsible for coordinating Virginia's review of federal consistency certifications submitted pursuant to the Coastal Zone Management Act of 1972 and to the Virginia Coastal Resources Management Program. Pursuant to the Act, all activities located within Virginia's designated coastal management area that require a federal permit, license, or approval must be consistent with the Virginia Coastal Resources Management Program (VCP). The VCP is comprised of a network of enforceable policies administered by several agencies. Accordingly, DEQ is coordinating the review of this project with agencies administering the enforceable policies of the VCP.

This is an interim status report on our re-started review of the federal consistency certification for the proposed addition of two nuclear reactor units to the North Anna Power Station. The status report is prescribed by the Federal Consistency Regulations that implement the Coastal Zone Management Act (15 CFR Part 930, section 930.62(b); see "Review Procedures," item 1, below). The proposed addition of nuclear reactor units to the North Anna Power Station is subject to the requirement of an Early Site Permit, administered by the U.S. Nuclear Regulatory Commission ("NRC"). Because of the federal licensing requirement, the project is also subject to federal consistency certification under the Coastal Zone Management Act and to the environmental impact review process under the National Environmental Policy Act.

The original federal consistency certification was submitted in March 2005. The review process was first extended and then stayed, by agreement between the Department of Environmental Quality ("DEQ") and Dominion and pursuant to the Federal Consistency Regulations (see 15 CFR Part 930, section 930.60(a)(3)) because of the need to develop new information on a change in the design of the proposed third reactor unit. The new information, when presented in May 2006, enabled DEQ to re-start the

federal consistency certification review. In the NEPA process administered by NRC, the new information was presented in a Supplement to the NRC's Draft Environmental Impact Statement ("Draft EIS Supplement"), issued in July 2006.

Status of this Review

Under the Federal Consistency Regulations, we must provide our concurrence with or objection to the federal consistency certification within six months from our receipt of the certification or at the earliest practicable time, whichever occurs first (see 15 CFR Part 930, section 930.62(a)). Our review of the federal consistency certification, re-started on May 5, 2006 due to the receipt of new information relative to the substantially different cooling method for proposed Unit 3, must be concluded, and our response delivered to the applicant for the federal license or permit, not later than November 3, 2006.

Project Description

Dominion Virginia Power Company/Dominion Nuclear North Anna, LLC ("applicant" or "Dominion") has applied to the Nuclear Regulatory Commission for an Early Site Permit at the North Anna Power Station site at Lake Anna. The proposed site for two new nuclear power units is in Louisa County near Mineral, on the existing North Anna Power Station site which is on a peninsula on the southern shore of Lake Anna about 5 miles upstream from the North Anna Dam. Dominion is considering adding the new units (Units 3 and 4) to the two that are in place. NRC's Early Site Permit would, if issued, allow Dominion to "reserve" the site for as long as 20 years for a new nuclear power unit, and to undertake site preparation and preliminary construction activities.

In the original federal consistency certification for this project, which was submitted for our review in March 2005, Dominion indicated that cooling water for Unit 3 would be drawn from the Lake and that Unit 4 would use dry cooling towers. As indicated above, Dominion developed a new method of cooling proposed Unit 3 which is the subject of the current federal consistency review and the review of the Draft EIS Supplement. That new method involves a new, closed-cycle wet and dry cooling method that would reduce the water demands associated with the once-through cooling proposed in the original certification. During periods of relative surplus (when lake levels are at or above 250 feet above mean sea level), wet towers would be used. During dry periods (lake levels under 250 feet for 7 consecutive days or more, a dry cooling tower would be used, unless weather conditions dictate otherwise (the "maximum water conservation mode") (see Draft EIS Supplement, pages 3-8 and 3-9). Proposed Unit 4 is to be air-cooled as contemplated in the original federal consistency certification. In addition, Dominion proposes to increase the maximum power level for each of the proposed new units from 4300 to 4500 megawatts-thermal (Draft EIS Supplement, page 1-1).

According to the original federal consistency certification, site preparation and preliminary construction activities would include the following (pages 3-4):

- Long-term disturbance of approximately 130 acres, and short-term disturbance (for temporary facilities, laydown areas, etc.) of approximately 70 acres;
- Site preparation, including clearing, grading, construction of temporary access roads, and preparation of borrow areas);
- Excavation for facility structures;
- Construction of temporary facilities including warehouses, shops, concrete mixing plants, utilities, docking and unloading facilities, and construction support buildings;
- Construction of cooling towers, intake and discharge structures, and circulating water lines as well as fire protection equipment, switchyard and other inter-connections, and microwave towers.

The Draft EIS Supplement also addresses “bounding plant parameters” (as did the Draft EIS) within which a future site design would be developed. Dominion has not selected a specific plant design for the new units, but will work within the “plant parameter envelope” (“PPE”) to develop the early site permit. The early site permit (“ESP”) will include a site redress plan, if issued (see Draft EIS Supplement, pages 3-2 through 3.6, section 3.2).

Review Procedures

1. Mandate. On May 5, 2006, DEQ’s Office of Environmental Impact Review received the new information for the federal consistency certification prepared by Dominion. Pursuant to the Federal Consistency Regulations implementing the Coastal Zone Management Act (Title 15, Code of Federal Regulations, Part 930, sub-part D (sections 930.50 through 930.66)), there is a six-month review period allowed to the State for review of federal consistency certifications (section 930.62(a)). If the review is not completed within three months, or August 5, 2006 in this case, the State must notify the applicant of the status of the review and the basis for further delay (section 930.62(b)). The federal agency considering a license or permit for the activity may not approve the permit application in the absence of the State’s concurrence with the certification unless the concurrence is presumed, but irrespective of a state concurrence, the federal agency may deny approval of the application if that is its judgment (section 930.62(c)).

2. Agency Review Participation. The new information for the federal consistency certification submitted in May 2006 has been reviewed by the following agencies and/or offices (note: starred offices (*) administer Enforceable Policies of the VCP):

Department of Environmental Quality:
Division of Water Resources*
Northern Virginia Regional Office*

Department of Game and Inland Fisheries*
Department of Conservation and Recreation*
Department of Health*
Marine Resources Commission*
Department of Historic Resources
Spotsylvania County.

In addition, the following agencies and entities have been invited to comment:

Department of Environmental Quality:
Division of Water Quality
RADCO Planning District Commission
Thomas Jefferson Planning District Commission
Rappahannock-Rapidan Planning District Commission
Louisa County
Orange County
Town of Mineral.

This selection of agencies and entities reflects those that have commented previously and those that have some legal responsibility for the natural resources or public resources potentially affected by the project.

3. Public Participation.

(a) *Authority.* The Federal Consistency Regulations require the State, in conducting its review of a federal consistency certification, to ensure timely public notice of the proposed activity and allow the State to hold one or more public hearings. In combination, these actions are calculated to reasonably inform the public, obtain sufficient comment, and allow development of a decision on the matter (15 CFR Part 930, section 930.61).

(b) *This Review.* In accordance with the Federal Consistency Regulations (15 CFR Part 930, section 930.42 which addresses public participation), DEQ published a public notice concerning this review on its web site from May 15 through June 27, 2006. To date we have received more than 370 individual comments. We have also received letters from the Friends of Lake Anna which represents approximately 2,650 citizens residing at or near the Lake; and the Southern Environmental Law Center, representing the Blue Ridge Environmental Defense League, the Nuclear Information and Resource Service, and Public Citizen. Copies of these comments have been forwarded to Dr. Judson White at Dominion. In addition to discussing environmental and other issues associated with the proposed Early Site Permit, many commenters requested a public hearing and an extension of the deadline for public comments.

In response to the requests, and in keeping with the Federal Consistency Regulations (15 CFR Part 930, section 930.61), DEQ intends to hold a public hearing on August 16, 2006 and has extended the public comment deadline to September 8, 2006. The notice of the public hearing and extended deadline was published as follows:

- On DEQ's Web site, starting on June 15, 2006;
- In the Richmond Times-Dispatch, Sunday, July 2;
- In the Fredericksburg Free Lance-Star, Sunday, July 30;
- In the Lake Anna Observer, Saturday, July 15.

(d) *Public Hearing.* DEQ and NRC contemplated the possibility of joint notices and a joint public hearing as encouraged by the Federal Consistency Regulations (15 CFR Part 930, section 930.61(d)). DEQ and NRC determined that joint public hearings would not be in the interests of the public, of NRC, or of DEQ. As you know, the consistency review is intended to focus on matters relating to consistency of the proposed project with the enforceable policies of the Virginia Coastal Resources Program, whereas the review of the Draft EIS Supplement pertains to all environmental issues, including but not limited to coastal issues. Therefore, DEQ and the NRC decided to hold two separate hearings on consecutive days. NRC's public meeting on the Draft EIS Supplement is scheduled for August 15, and DEQ staff will be in attendance. Similarly, NRC staff will attend DEQ's August 16 public hearing on the consistency review.

4. Interaction with NRC's Draft EIS Supplement.

As indicated above, NRC has issued a Supplement to its 2004 Draft EIS for the Early Site Permit, in order to address the new information on the proposed cooling method for Unit 3. DEQ is coordinating the review of the Draft EIS Supplement by state, regional, and local agencies. NRC's deadline for all public and agency comments on the Draft EIS Supplement is August 28.

State agencies and citizens may consider any and all environmental and planning issues in commenting on the Draft EIS Supplement, at the NRC public meeting or in written comments to NRC. The focus of the DEQ hearing, and of DEQ's comments to Dominion at the end of the federal consistency review period, will be on the consistency of the proposed addition of Units 3 and 4 with applicable enforceable policies of the Virginia Coastal Resources Management Program.

Conclusion

The proposed addition of two new units to the North Anna Power Station is the subject of considerable public interest, as manifested in public comments we have received and the interaction of members of the public with a number of state, federal, and local agencies. Moreover, there have been additional revisions to the Early Site Permit application (Revisions 7 and 8) since DEQ commenced the consistency review. The review time frame for the federal consistency certification gives DEQ the opportunity to allow a full public discussion of the issues by ensuring effective provision of information to the public, allowing detailed public and agency review of the information, and providing for public comments and the consideration of same in developing the response to the consistency certification.

Ms. Pamela F. Faggert
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I hope this information is helpful to you. If you have questions, please feel free to call me (telephone 698-4325) or Charlie Ellis of this Office (698-4488).

Sincerely,

Ellie L. Irons
Program Manager
Office of Environmental Impact Review

cc: Jack Cushing, NRC
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Jim Candeto, Town of Mineral